

0019

**From:** Karl Houskeeper  
**To:** dshaver@coalsource.com  
**CC:** Angela Nance; Daron Haddock; Suzanne Steab  
**Date:** 8/4/2009 1:52 PM  
**Subject:** July 2009 Inspection Reports  
**Attachments:** Centennial July 2009.pdf; Crandall July 2009.pdf

*Outgoing*  
*CO160032*  
*K*

Dave,

Attached are the July 2009 inspection reports for Centennial and Crandall.

Thanks,  
Karl



State of Utah  
Department of  
Natural Resources

MICHAEL R. STYLER  
Executive Director

Division of  
Oil, Gas & Mining

JOHN R. BAZA  
Division Director

JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

Representatives Present During the Inspection:

Company David Shaver Manager

OGM Karl Houskeeper Environmental Scientist III

## Inspection Report

|                  |                          |
|------------------|--------------------------|
| Permit Number:   | C0150032                 |
| Inspection Type: | COMPLETE                 |
| Inspection Date: | Thursday, July 09, 2009  |
| Start Date/Time: | 7/9/2009 8:45:00 AM      |
| End Date/Time:   | 7/9/2009 2:00:00 PM      |
| Last Inspection: | Wednesday, June 10, 2009 |

Inspector: Karl Houskeeper, Environmental Scientist III

Weather: Clear, Temp. 88 Deg. F.

InspectionID Report Number: 2059

Accepted by: jhelfric  
8/4/2009

Permittee: **GENWAL RESOURCES INC**

Operator: **GENWAL RESOURCES INC**

Site: **CRANDALL CANYON MINE**

Address: **PO BOX 1077, PRICE UT 84501**

County: **EMERY**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

Current Acreages

|          |                 |
|----------|-----------------|
| 6,235.80 | Total Permitted |
| 27.15    | Total Disturbed |
|          | Phase I         |
|          | Phase II        |
|          | Phase III       |

Mineral Ownership

- ☒ Federal  
☐ State  
☐ County  
☐ Fee  
☐ Other

Types of Operations

- ☒ Underground  
☐ Surface  
☐ Loadout  
☐ Processing  
☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Inspector's Signature: \_\_\_\_\_

Karl Houskeeper, Environmental Scientist III

Inspector ID Number: 49

Date

Thursday, July 09, 2009

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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Permit Number: C0150032  
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 Inspection Date: Thursday, July 09, 2009

## Inspection Continuation Sheet

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### REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
  - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
  - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

|                                                                  | Evaluated                           | Not Applicable                      | Comment                             | Enforcement              |
|------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|
| 1. Permits, Change, Transfer, Renewal, Sale                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Signs and Markers                                             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Topsoil                                                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4.a Hydrologic Balance: Diversions                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4.b Hydrologic Balance: Sediment Ponds and Impoundments          | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.c Hydrologic Balance: Other Sediment Control Measures          | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4.d Hydrologic Balance: Water Monitoring                         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4.e Hydrologic Balance: Effluent Limitations                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. Explosives                                                    | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 6. Disposal of Excess Spoil, Fills, Benches                      | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 7. Coal Mine Waste, Refuse Piles, Impoundments                   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 8. Noncoal Waste                                                 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 9. Protection of Fish, Wildlife and Related Environmental Issues | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 10. Slides and Other Damage                                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 11. Contemporaneous Reclamation                                  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 12. Backfilling And Grading                                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 13. Revegetation                                                 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 14. Subsidence Control                                           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 15. Cessation of Operations                                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 16.a Roads: Construction, Maintenance, Surfacing                 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 16.b Roads: Drainage Controls                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 17. Other Transportation Facilities                              | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 18. Support Facilities, Utility Installations                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 19. AVS Check                                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 20. Air Quality Permit                                           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 21. Bonding and Insurance                                        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 22. Other                                                        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |

**1. Permits, Change, Transfer, Renewal, Sale**

The DOGM permit is effective 05/13/2008 and expires 05/13/2013. Other documents include the following:

- Certificate of Insurance issued 06/01/2009 and terminates 06/01/2010. Cancellation clause needs to be modified to comply. "Endeavor" should be removed.
- Reclamation agreement is dated April 1998 and is signed by both parties.
- UPDES permit UT000024368 effective 12/01/2005 and expires midnight 11/30/2010.
- Air Quality permit DAQE-AN0225003-03, issued 03/20/2003.
- SPCC Plan dated 09/18/2004.

**2. Signs and Markers**

The Mine ID sign is posted at the entrance to the permit area from the forest service road. The sign contains the name, permit ID #, address, and phone number of the operator. All other signs and markers observed during the inspection met the coal rules.

**4.b Hydrologic Balance: Sediment Ponds and Impoundments**

The second quarter 2009 sediment pond inspection was done on June 12, 2009.

**4.e Hydrologic Balance: Effluent Limitations**

The March 2009 Discharge Monitoring Reports were reviewed.

**20. Air Quality Permit**

Approval Order DAQE-827-01 was modified on March 20, 2003. This modification allowed additional coal handling equipment (conveyors) for the South Crandall Portals. The new approval order, DAQE-AN0225003-03, was effective March 20, 2003.

**21. Bonding and Insurance**

Insurance is provided through Federal Insurance Co. policy #37104410. The policy meets the minimum coverage requirements, has explosive coverage, contains the proper language in the notification clause, and shows the State of Utah as the certificate holder.

The bonded amount for the Crandall Canyon Mine was \$1,654,000 by bond #14-96-15. With the recent permit renewal an additional \$407,275 has been posted in an escrow account with Wells Fargo Bank. The additional amount is due to escalation and reclamation costs associated with the emergency drill holes that were constructed in efforts to rescue the trapped miners. The total bond amount is \$2,061,275.